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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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March 1, 2006

The Honorable David M. Walker
Comptroller General
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

On January 1, 2006, more than 6 million elderly and disabled "dual eligible" beneficiaries began to receive their prescription drug coverage through a prescription drug plan under Medicare's new prescription drug benefit as called for by the Medicare Prescription Drug, Improvement, and Modernization Act. Dual eligible beneficiaries are poorer, more likely to have chronic conditions and mental or psychiatric disorders, and use more medications than other Medicare beneficiaries. Congress devoted considerable attention and debate to the decision to transfer coverage for dual eligible beneficiaries to Medicare. Ensuring a smooth transition for these vulnerable beneficiaries is of paramount importance. Unfortunately, media reports indicate that dual eligible beneficiaries experienced significant problems during this transition.

Specifically, because they were not properly identified in the data systems, many dual eligible beneficiaries were not covered by a prescription drug plan, charged higher cost-sharing than the statutory limits, or were unable to obtain their prescriptions if they could not afford the cost sharing. Although the Centers for Medicare and Medicaid Services (CMS/Agency) enrolled dual eligible beneficiaries to ensure that they would have coverage on January 1, many pharmacies experienced difficulties identifying their plans and some beneficiaries were assigned to plans that did not provide coverage in their state of residence. Some pharmacies were unable to fill prescriptions under "first fill" policies despite the requirement that prescription drug plans have a transition policy to ensure temporary access to non-formulary medications.

Given the experience to date, we request that the Government Accountability Office (GAO) undertake a study to analyze the processes for transitioning dual eligible beneficiaries into the Medicare prescription drug benefit. We are particularly interested in the following questions:

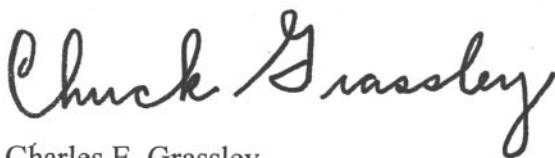
- **Identification:** How is CMS working with states to identify dual eligible individuals? What steps is CMS taking to ensure that CMS and the states have the correct information, such as home address, and other personal information for these individuals? What steps is CMS taking to ensure that duals are accurately identified in all prescription drug plan and pharmacy data systems?
- **Auto-Assignment/Enrollment:** What is the Agency's current process for randomly assigning dual eligible individuals to plans? What improvements, if any, could CMS make

to this process? What is the average length of time to process a dual eligible beneficiary's request to enroll in a different prescription drug plan?

- **Transition Plans:** What are the Agency's plans for monitoring compliance and enforcing the requirements? Are plans complying with the current 90-day transition requirements? What plans does CMS have in place to address the transition needs of new dual eligible beneficiaries?
- **Exceptions and Appeals:** Do these processes meet the requirements provided for in the MMA? How are beneficiaries notified of the processes? How many exceptions and appeals have been filed? How many have been granted? What is the time frame from request to its resolution? How does the number of exception and appeals requests and claims granted compare to rates under Parts A and Part B and other private coverage arrangements? How is CMS overseeing these processes? How do these processes compare to requesting an exception or appeal for a non-pharmacy service?
- **Formulary Restrictions:** What types of restrictions are plans imposing for prescriptions covered under the formulary? How well are plans providing the required six classes and categories of prescriptions they must cover? How does access to common prescriptions at appropriate dosages compare with these beneficiaries' Medicaid coverage for the prescription drugs they were taking prior to the transition?

Thank you for your assistance with this request. If you have questions regarding this request, please contact Colette Desmarais in Senator Grassley's Finance Office or Alice Weiss in Senator Baucus' Finance Office at (202) 224-4515, Pattie DeLoatche in Senator Hatch's Office at (202) 224-5251, or Jocelyn Moore in Senator Rockefeller's Office at (202) 224-7993.

Sincerely,



Charles E. Grassley
Chairman
Committee on Finance



Max Baucus
Ranking Minority Member
Committee on Finance



Orrin G. Hatch
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John D. Rockefeller IV
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